

PRICING

2/19

- Premium pack prices remained relatively stable, while Discount pack prices for some brands changed slightly.
- Retail carton prices increased on Basic, Monarch, Best Value and FVB with the removal of the 30¢/carton quarterly allowance. In contrast, competitive Private Label carton prices decreased.
- Marlboro's net pack price in C-Stores remained at \$1.91 while the Lowest Discount decreased -1¢ to \$1.34. The resulting price gap increased +1¢ to 57¢ or 42.5%.
- In Supermarkets net carton prices decreased more on Lowest Discount brands (-10¢ to \$11.66) than on Marlboro (-2¢ to \$16.33) due to lower prices on Private Label brands. The resulting price gap widened +8¢ to \$4.67 or 40.1%.
- 99¢ incidence remained relatively unchanged at 13%. Incidence decreased in regions 2 and 3, offsetting the prior week's increases, while regions 1 and 5 were unchanged and region 4 incidence increased.
- Basic's price gap with the Lowest Discount brand is more than 10¢ in 60% of C-Stores, and has been stable for the last four weeks.

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Premium pack prices remained stable while Discount prices fluctuated slightly.

	% of C-stores		
	<u>Unchanged</u>	<u>Increased</u>	<u>Decreased</u>
Marlboro	96%	2%	2%
Basic	96%	3%	1%
Doral	85%	7%	8%
GPC	88%	8%	4%
RJR P/L	92%	4%	4%
Lowest Discount	87%	6%	7%
Marlboro Gap *	84%	9%	7%
Basic Gap **	88%	7%	5%

* Marlboro vs. Lowest Discount brand in same store.

** Basic vs. Lowest Discount brand in same store.

SOURCE: NIELSEN PRICING AUDIT

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Lowest Discount pack and carton prices decreased, widening the price gap in both C-stores and Supermarkets.

**C-STORE
PACKS**

	1/29	2/5	2/12	2/19	Change Prior Week
Marlboro (net)	\$1.91	\$1.92	\$1.91	\$1.91	\$0.00
Lowest Discount	1.35	1.35	1.35	1.34	(\$0.01)
\$ Gap	0.56	0.57	0.56	0.57	\$0.01
% Gap	41.5%	42.2%	41.5%	42.5%	1.1%

**SUPERMARKET
CARTONS**

Marlboro (net)	\$16.34	\$16.35	\$16.35	\$16.33	(\$0.02)
Lowest Discount	11.76	11.76	11.76	11.66	(\$0.10)
\$ Gap	4.58	4.59	4.59	4.67	\$0.08
% Gap	38.9%	39.0%	39.0%	40.1%	1.0%

SOURCE: NIELSEN PRICING AUDIT

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Marlboro's net pack price gap with Lowest Discount decreased in regions 2 and 4 and increased in regions 1 and 3, offsetting the previous week's changes.

	<u>Marlboro</u>	2/19		Change	
		<u>Lowest Discount</u>	<u>\$ GAP</u>	<u>% GAP</u>	From <u>2/12</u>
NATIONAL	1.91	1.34	\$0.57	42.5%	\$0.01
R1	2.10	1.57	\$0.53	33.8%	\$0.02
R2	1.79	1.23	\$0.56	45.5%	(\$0.02)
R3	1.91	1.34	\$0.57	42.5%	\$0.01
R4	1.78	1.26	\$0.52	41.3%	(\$0.01)
R5	2.08	1.39	\$0.69	49.6%	\$0.02

SOURCE: NIELSEN PRICING AUDIT

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Nationally, ≤99¢ incidence remained relatively unchanged at 13%. Incidence decreased in regions 2 and 3, offsetting the prior week's increase in these geographies, while incidence increased in region 4.

	Change vs. <u>2/19</u>	Change vs. <u>1 WAGO</u>	Change vs. <u>4 WAGO</u>	Weighted Avg. <u>State Tax</u>
NATIONAL	13.2%	-0.3	-0.9	\$0.29
R1	1.4%	0.0	-4.2	\$0.43
R2	24.0%	-3.2	0.0	\$0.18
R3	9.3%	-1.1	0.0	\$0.31
R4	21.6%	2.3	1.1	\$0.26
R5	3.1%	0.0	-3.0	\$0.33

NOTE: Incidence has been restated to reflect all Discount brands instead of only Deep Discount brands.

SOURCE: NIELSEN PRICING AUDIT

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Across all common C-stores, Basic's NET average pack price gap with competitive brands remained unchanged.

	<u>1/29</u>	<u>2/5</u>	<u>2/12</u>	<u>2/19</u>	<u>Change vs. Prior Week</u>
Basic	\$1.53	\$1.53	\$1.53	\$1.53	\$0.00
Same Store Gaps					
GPC	0.11	0.11	0.12	0.12	0.00
Monarch	0.05	0.06	0.06	0.06	0.00
Lowest Discount	0.19	0.19	0.19	0.19	0.00

SOURCE: NIELSEN PRICING AUDIT

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The number of stores where Basic's pack price > Lowest Discount by more than 10¢ has been stable for the last 4 weeks.

Basic vs. Lowest Discount in C-stores

	<u>1/29</u>	<u>2/5</u>	<u>2/12</u>	<u>2/19</u>
# SAME STORES	315	327	329	328
<u>BASIC > LOWEST DISC. BY 10¢*</u>				
# STORES	189	199	198	198
% STORES	60%	61%	60%	60%
<u>PRICE DISADVANTAGE *</u>				
AVG. \$	\$0.30	\$0.30	\$0.30	\$0.30
MAXIMUM	\$0.70	\$0.90	\$0.70	\$0.70
MINIMUM	\$0.11	\$0.11	\$0.11	\$0.11

* All comparisons are based on stores with both brands in distribution.

** Price disadvantage ONLY in stores where Basic's price > Lowest Discount by more than 10¢.

SOURCE: NIELSEN PRICING PANEL

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The number of stores where Basic's pack price > GPC by more than 10¢ decreased to early February levels.

Basic vs. GPC in C-stores				
	<u>1/29</u>	<u>2/5</u>	<u>2/12</u>	<u>2/19</u>
# SAME STORES	202	201	208	206
<u>BASIC > GPC by 10¢*</u>				
# STORES	83	84	92	84
% STORES	41%	42%	44%	41%
<u>PRICE DISADVANTAGE *</u>				
AVG. \$	\$0.25	\$0.24	\$0.25	\$0.25
MAXIMUM	\$0.68	\$0.68	\$0.68	\$0.68
MINIMUM	\$0.14	\$0.14	\$0.11	\$0.11

* All comparisons are based on stores with both brands in distribution.

** Price disadvantage ONLY in stores where Basic's price > GPC by more than 10¢.

SOURCE: NIELSEN PRICING PANEL

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